



COMPTROLLER

UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1100

JAN 31 2012

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
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UNDER SECRETARIES OF DEFENSE
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DIRECTOR, NET ASSESMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Applying Reductions to Fiscal Year 2012 Appropriations

This memorandum provides guidance on how to apply reductions to congressionally directed spending items in the Department of Defense Appropriations Act, 2012 (Public Law 112-74, Division A), which includes provisions that give statutory effect to certain tabular entries in the explanatory statement accompanying the Act. Specifically, section 8006 provides that, as a matter of law, programs, projects, and activities for which the amounts appropriated exceed the amounts requested (as prescribed in the tables explaining project level adjustments) must be carried out at the prescribed level. The Components may reduce these "statutory adds" only under limited circumstances, as defined below.

Because section 8006 incorporates into law the funding levels specified in the explanatory statement for a particular program, project, or activity when that level exceeds the amount requested for that program, project, or activity in the President's Budget, the Components may not reduce these statutory adds for general administrative costs, the Small Business Innovation Research (SBIR)/Small Business Technology Transfer Program (STTR), or the Defense Acquisition Workforce Development Fund (DAWDF). However, a portion of the add may be used by the Components for program oversight or administrative costs directly allocable to the execution of these statutory adds. In addition, no reductions for program oversight and administrative costs (unless directly allocable to the execution of the statutory adds), SBIR/STTR, or DAWDF may be taken against statutory adds in applying the following general provisions:

- Indian Financing Act of 1974 (sec. 8019);
- Civil Air Patrol Corporation (sec. 8022);

- Operation and Maintenance, Defense-Wide Mitigation of Environmental Impact (sec. 8034);
- Fisher House Foundation (sec. 8069);
- Israeli Cooperative Programs (sec. 8071);
- Operation and Maintenance, Defense-Wide Grants (sec. 8079); and
- Public School Construction (sec. 8118).

Further, Components may not reduce the statutory adds in complying with the following undistributed reductions in the Military Personnel; Operation and Maintenance; and Research, Development, Test and Evaluation; and Overseas Contingency Operations titles:

- Unexpended/Unobligated Balances;
- Undistributed Transfers to Title IX;
- Defense Advanced Research Projects Agency reductions;
- Title II – Operation and Maintenance -- Reduction for excess cash balance of the Defense Working Capital Funds for the Army (sec. 8091); and
- Title IX – Overseas Contingency Operations -- Reduction to Military Personnel and Operation and Maintenance funding (sec. 9014).

Section 8006 does not preclude the Components from reducing statutory adds in complying with the Federally Funded Research Development Center reduction (sec. 8023(f)). Any questions concerning this matter should be directed to Kathy Sherrill. She may be reached at (703) 697-0023 or Kathy.Sherrill@osd.mil.



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